**MediaZest plc**

**Unaudited results for the six months ended 30 September 2014**

**CHAIRMAN'S STATEMENT**

**Introduction**

I am pleased to report unaudited results for the six months ended 30 September 2014 for MediaZest plc ("MediaZest", the "Company" and, together with its wholly owned subsidiary company MediaZest International Ltd (formerly Touch Vision Limited) (the "Group").

**Financial Review**

Revenue for the period was £1,579,000 (2013: £1,572,000) and the Group made a loss for the period after taxation of £203,000 (2013: £183,000), interest of £26,000 (2013: £77,000), administrative expenses before depreciation of £708,000 (2013: £674,000), depreciation of £27,000 (2013: £18,000) and amortization of £2,000 (2013: £nil).

Gross profit was £528,000 (2013: £576,000). The basic and fully diluted loss per share was 0.022 pence (2013: 0.033 pence). EBITDA was a loss of £180,000 (2013: £98,000).

**Operational Review**

The Group has made ongoing progress in the last 12 months. Some notable achievements during the 6 month period to 30 September 2014 were the successful completion of the FIFA World Cup Trophy Tour project with Coca-Cola ("FWCTT") which ended April 2014 (the financial benefits of which predominantly fell into the preceding period); the much acclaimed Hyundai Rockar Bluewater Digital Showroom which began in the period and launched in November 2014 with revenues split accordingly; Kuoni's North East flagship Newcastle outlet; audio visual and projection work for a range of Harry Ramsden's seaside restaurant locations as well as hologram creation for UK Trade & Industry (UKTI) at an international exhibition in Germany. Notwithstanding, the Group continues to develop and provide services to a diverse and high profile client base both domestically and overseas. The momentum generated by the FWCTT project and others has helped the Group to attract these new projects within the period and as a result match the comparable period's improved top line revenue figure.

At the end of 2013, the Board identified and implemented a complementary strategy: to focus sales effort on a concentrated number of high profile clients, providing innovative audio visual solutions which have the potential to generate ongoing long term business opportunities, and to pursue greater recurring revenues by developing its own products.

The strategic objective is to generate client loyalty through excellence of delivery coupled with offering a diverse product range including the Group's own products. In particular the Board believes that such an approach will benefit the business by helping it to increase recurring revenues through service and maintenance, content production and management, and additional consultancy and data analysis work.

**Intellectual Property**

In December 2013, the Board identified three areas where it believed the Group could embark upon product development which would allow the Company to achieve improved revenue, whilst contemporaneously creating intellectual property assets that would enhance the Group's valuation.

The decision was made to prioritise audience measurement software, and the Group developed and tested its own product in this area during the year, "MediaZest Retail Analytics", before releasing it to the market in November 2014. A first system has already been sold and the Company is in negotiations to test its potential with a number of existing and new clients.

Costs associated with the development of this product are capitalised in the intellectual property section of the Consolidated Statement of Financial Position.

**Operating costs**

The Board continues to maintain tight control of costs whilst increasing investment in the sales process. Administrative costs for the period to 30 September 2014 were £708,000 (2013: £674,000) and this increase was partly as a result of increased costs of the London showroom in these 6 months of £35,000 and one off sales consulting costs of £13,000. The London showroom was opened in July 2013 and hence lower costs for this asset were incurred in the comparable period.

The Company has already seen initial success with this strategy; particularly in the period since July 2014. It has already led to several large scale opportunities that the Group is currently pursuing, and has also enabled the Group to gain and deliver successfully four high profile projects in recent months, with revenue for these projects largely falling in the 6 month period to 30 September 2014.

New business wins in the second half of the calendar year, coupled with successful deployment has resulted in the Group entering 2015 with several clients already in discussions regarding additional projects which is encouraging.

The Board believes that the development of the MediaZest Retail Analytics product holds much promise for the Group and the Board believes it has the potential to generate significant and quality revenue for the Group going forward.

**Fundraising**

On 17 December 2014, the Company announced a conditional placing of 125,142,900 shares at 0.35p per share to raise £438,000 before expenses. The Company announced yesterday that it had posted a circular to Shareholders containing the notice of the General Meeting to be held at 11.00 a.m. on 8 January 2015 which is being convened for the purpose of proposing the resolutions which are necessary to implement the proposed placing. The circular sets out the background to and reasons for the placing.

**Lance O'Neill**  
**Chairman**

**23 December 2014**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | Notes | Unaudited Six months 30-Sep-14 £'000 | Unaudited Six months 30-Sep-13 £'000 | Audited 12 months 31-Mar-14 £'000 |
|---|---|---|---|---|
| **Continuing Operations** | | | | |
| **Revenue** | | 1,579 | 1,572 | 2,944 |
| Cost of sales | | (1,051) | (996) | (1,978) |
| **Gross profit** | | 528 | 576 | 966 |
| Administrative expenses | | (708) | (674) | (1,474) |
| **EBITDA** | | (180) | (98) | (508) |
| Administrative expenses – depreciation & amortisation | | (29) | (18) | (39) |
| **Operating Loss** | | (209) | (116) | (547) |
| Interest | | (26) | (77) | (128) |
| **Loss before taxation** | | (235) | (193) | (675) |
| Taxation credit | | 32 | 10 | 22 |
| **Loss for the period and total comprehensive loss for the period attributable to the owner of the parent** | | (203) | (183) | (653) |
| **Loss per ordinary 0.1p share** | | | | |
| **Basic** | **2** | (0.022p) | (0.033p) | (0.09p) |
| **Diluted** | **2** | (0.022p) | (0.033p) | (0.09p) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

| | Unaudited | Unaudited | Audited |
|---|---|---|---|
| | As at 30-Sep-14 | As at 30-Sep-13 | As at 31-Mar-14 |
| | £'000 | £'000 | £'000 |
| **Non-current assets** | | | |
| Goodwill | 2,772 | 2,772 | 2,772 |
| Property, plant and equipment | 113 | 51 | 60 |
| Intellectual property | 46 | 51 | 60 |
| **Total non-current assets** | 2,931 | 2,823 | 2,832 |
| **Current assets** | | | |
| Inventories | 310 | 142 | 95 |
| Trade and other receivables | 408 | 440 | 766 |
| Cash and cash equivalents | 31 | - | 268 |
| **Total current assets** | 749 | 582 | 1,129 |
| **Current liabilities** | | | |
| Trade and other payables | (1,446) | (1,244) | (1,522) |
| Financial liabilities | (198) | (393) | (200) |
| **Total current liabilities** | (1,644) | (1,637) | (1,722) |
| **Net current liabilities** | (897) | (1,055) | (593) |
| **Net assets** | 2,036 | 1,768 | 2,239 |
| **Equity** | | | |
| Share Capital | 3,174 | 2,879 | 3,174 |
| Share premium account | 4,871 | 4,225 | 4,871 |
| Other reserves | 7 | 7 | 7 |
| Retained earnings | (6,016) | (5,343) | (5,813) |
| **Total equity** | 2,036 | 1,768 | 2,239 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | Share Capital £'000 | Share Premium £'000 | Share Options Reserves £'000 | Retained Earnings £'000 | **Total Equity £'000** |
|---|---|---|---|---|---|
| **Balance at 31 March 2013** | 2,736 | 4,029 | 7 | (5,160) | **1,612** |
| Loss for the period | - | - | - | (183) | **(183)** |
| Total comprehensive income for the period | - | - | - | (183) | **(183)** |
| Issue of share capital | 143 | 215 | - | - | **358** |
| Share issue costs | - | (19) | - | - | **(19)** |
| **Balance at 30 September 2013** | 2,879 | 4,225 | 7 | (5,343) | **1,768** |
| Loss for the period | - | - | - | (470) | **(470)** |
| Total comprehensive income for the period | - | - | - | (470) | **(470)** |
| Issue of share capital | 295 | 736 | - | - | **1,031** |
| Share issue costs | - | (90) | - | - | **(90)** |
| **Balance at 31 March 2014** | 3,174 | 4,871 | 7 | (5,813) | **2,239** |
| Loss for the period | - | - | - | (203) | **(203)** |
| Total comprehensive income for the period | - | - | - | (203) | **(203)** |
| **Balance at 30 September 2014** | 3,174 | 4,871 | 7 | (6,016) | **2,036** |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | Note | Unaudited Six months 30-Sep-14 £'000 | Unaudited Six months 30-Sep-13 £'000 | Audited 12 months 31-Mar-14 £'000 |
|---|---|---|---|---|
| **Net cash (used in) / generated from operating activities** | **3** | (34) | 12 | (418) |
| Taxation | | 22 | - | 22 |
| **Investing activities cash flow** | | | | |
| Purchase of plant and machinery | | (82) | (6) | (36) |
| Disposal of plant and machinery | | 2 | - | 3 |
| Purchase of intellectual property | | (48) | - | - |
| Purchase of leasehold improvements | | - | - | (3) |
| **Net cash (used in) investing activities** | | (128) | (6) | (36) |
| **Financing activities cash flow** | | | | |
| Repayment of borrowings | | - | (8) | (8) |
| Other short term financing | | 58 | - | - |
| Other loan repayments | | - | (77) | (77) |
| Shareholder loan repayments | | (2) | (200) | (330) |
| Interest paid | | (26) | (77) | (128) |
| Interest repaid with equity | | - | - | (169) |
| Loans repaid with equity | | - | - | (11) |
| Proceeds of issue of shares | | - | 308 | 1,389 |
| Share issue costs | | - | (19) | (109) |
| **Net cash (used in) / generated from financing activities** | | 30 | (73) | 557 |
| **Net (decrease) / increase in cash and cash equivalents** | | (110) | (67) | 125 |
| Cash and cash equivalents at beginning of period / year | | (74) | (199) | (199) |
| **Cash and cash equivalents at end of period / year** | **4** | (184) | (266) | (74) |

## NOTES TO THE FINANCIAL INFORMATION

### 1. Basis of preparation

The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU applied in accordance with the provisions of the Companies Act 2006 applicable to companies preparing financial statements under IFRS.

Accordingly, the consolidated half-yearly financial information in this report has been prepared using accounting policies consistent with IFRS. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 March 2015.

This interim report does not comply with IAS 34 "Interim Financial Reporting" (as adopted by the European Union), as permissible under the AIM Rules for Companies.

**Going Concern**

The Directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the number of opportunities it is currently working on, particularly in the Retail sector. In addition, these forecasts have been considered in the light of the ongoing economic difficulties in the UK and global economy, previous experience of the markets in which the Group operates and the seasonal nature of those markets, as well as the likely impact of ongoing reductions to public sector spending. These forecasts indicate that the Group will generate sufficient cash resources to meet its liabilities as they fall due over the next 12 month period from the date of this interim announcement.

As a result the Directors consider that it is appropriate to draw up the accounts on a going concern basis. Accordingly, no adjustments have been made to reflect any write downs or provisions that would be necessary should the Group prove not to be a going concern, including further provisions for impairment to goodwill and investments in Group companies.

**Non-statutory accounts**

The financial information contained in this document does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 ("the Act").

The statutory accounts for the year ended 31 March 2014 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Act. The financial information for the six months ended 30 September 2014 and 30 September 2013 is not audited.

### 2. Loss per share

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £203,000 (2013: £183,000) by the weighted average number of shares during the period of 914,614,741 (2013: 548,759,406). The diluted loss per share is identical to that used for basic loss per share as the exercise of warrants would have the effect of reducing the loss per share and therefore is not dilutive under International Accounting Standard 33 "Earnings per Share".

## NOTES TO THE FINANCIAL INFORMATION (Continued)

### 3. Cash used in operations

| | Unaudited Six months 30-Sep-14 £'000 | Unaudited Six months 30-Sep-13 £'000 | Audited 12 months 31-Mar-14 £'000 |
|---|---|---|---|
| Operating loss | (209) | (116) | (547) |
| Depreciation of tangible assets | 27 | 18 | 39 |
| Amortisation of intangible assets | 2 | - | - |
| Decrease / (increase) in inventories | (215) | (19) | 28 |
| Increase / (decrease) in payables | 3 | 44 | 313 |
| Decrease / (increase) in receivables | 358 | 85 | (251) |
| **Net cash inflow/(outflow) from operating activities** | (34) | 12 | (418) |

### 4. Cash and cash equivalents

| | Unaudited Six months 30-Sep-14 £'000 | Unaudited Six months 30-Sep-13 £'000 | Audited 12 months 31-Mar-14 £'000 |
|---|---|---|---|
| Cash held at bank | 31 | - | 268 |
| Bank overdraft | - | (63) | - |
| Invoice discounting facility | (215) | (203) | (342) |
| | (184) | (266) | (74) |

### 5. Subsequent events

On 17 December, the Company announced a conditional placing of 125,142,900 shares at 0.35p per share to raise £438,000 before expenses. The shares are expected to be admitted to AIM on 9 January 2015 subject to the passing of the necessary resolutions at a General Meeting to be held on 8 January 2015.

### 6. Availability of the Half-early Report

Copies of the Half-yearly Report will be available to the public from the Company's website, www.mediazest.com, and from the Company Secretary at the Company's registered address at 27/28 Eastcastle Street, London, W1W 8DH.

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